United Nations A/AC.109/2015/6

General Assembly

Distr.: General
6 February 2015

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Bermuda

Working paper prepared by the Secretariat

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Note: The information contained in the present paper has been derived from public sources, including those of the territorial Government and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 29 December 2014. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.

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The Territory at a glance

Territory: Bermuda is a Non-Self-Governing Territory, under the Charter of the United Nations, administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administering Power: Governor George Fergusson (May 2012).

Geography: Bermuda is located in the western part of the Atlantic Ocean, approximately 917 km east of the North Carolina coast of the United States of America. It consists of 8 major and 130 smaller islands.

Land area: 53.35 km².

Exclusive economic zone: 450,370 km².

Population: 61,777 (2014).

Life expectancy at birth: 81 years (male 77.8 years; female 84.3 years (2014 estimate)).

Ethnic composition: Approximately 54 per cent black, 31 per cent white and 15 per cent mixed and other races (2010).

Language: English.

Capital: Hamilton.

Head of territorial Government: Premier Michael Dunkley.

Main political parties: One Bermuda Alliance; Progressive Labour Party.

Elections: Most recent: 17 December 2012; next: due by December 2017.

Legislature: Bicameral legislature, comprising the Senate of 11 members appointed by the Governor (3 at his/her discretion, 5 on the advice of the Premier, 3 on the advice of the leader of the Opposition) and the 36-member House of Assembly, elected in 36 constituencies for up to a five-year term.

Gross domestic product per capita: $88,750 (2013 estimate).

Economy: Financial services, tourism.

Main trading partners: United States of America, Canada, United Kingdom and States members of the Caribbean Community.

Unemployment rate: 9 per cent (2014 estimate).

Monetary unit: Bermuda dollar, pegged at parity with the United States dollar.

Brief history: Bermuda was discovered in 1505 by the Spanish explorer Juan de Bermudez, and by 1510 was referred to as "La Bermuda". It remained uninhabited until 1609, when British settlers on their way to Virginia were shipwrecked on one of the reefs. In 1612, King James I extended the charter of the Virginia Company to include Bermuda. After the Company's charter was annulled in 1684, government passed to the British Crown.

I. Constitutional, legal and political issues

1. The 1968 Constitution of Bermuda has been amended on five occasions, the most recent revision being in 2003. According to the administering Power, the Constitution gives the Territory almost full internal self-government, leaving the United Kingdom of Great Britain and Northern Ireland with a minimum number of constitutional controls. The Governor (and Commander-in-Chief), appointed by the British Crown, is responsible for defence, external affairs, internal security and the police.

2. The Territory has a parliamentary system of government, comprising a governor, a deputy governor, a cabinet and a bicameral legislature. The Governor appoints as Premier the member of the House of Assembly who appears to be best able to command the confidence of a majority of the 36 members of the House, each of whom represents a parliamentary constituency. The Premier heads a cabinet that may not comprise more than 14 members of the legislature.

3. The law and legal system of Bermuda are based on English common law and principles of equity, English statute law (in force since 1612) and acts of the Bermuda Parliament passed since then. The judiciary is appointed on the advice of the Chief Justice. There are three courts: the Magistrates' Court, the Supreme Court and the Court of Appeal. The British Overseas Territories Act 2002 provides for the conferral of British citizenship on citizens of British overseas territories.

4. Voters in the general elections or referendums must be 18 years of age and Bermudian by birth or status or non-Bermudian electors on the register as at 1 May 1976. The current Premier, Michael Dunkley of One Bermuda Alliance, took office on 20 May 2014, succeeding Craig Cannonier, who stepped down from the position. One Bermuda Alliance holds a two-seat majority in the House of Assembly.

5. In 1995, a referendum was held on the question of independence. Of the 58.8 per cent of eligible voters who participated, a small number by Bermudian standards according to the administering Power, 73.6 per cent voted against independence. The then-opposition party, the Progressive Labour Party, had organized a boycott of the referendum among supporters of independence, arguing that the issue should be resolved by general election.

6. In its 2005 report, the Bermuda Independence Commission noted that the racial question had been an ever-present feature of the social, economic and political landscape of Bermuda throughout its history. Racial divisions in Bermuda have, in significant measure, played out in support for, or opposition to, independence and the method to be used to ascertain the wishes of the population. The Progressive Labour Party, which was the ruling party in 2005, wanted the issue of independence to be settled in the context of an election. The Progressive Labour Party reportedly remains publicly committed to pursuing a policy of disengagement from the United Kingdom. On the other hand, the United Bermuda Party, a forerunner of the One Bermuda Alliance, favoured a referendum. The Commission concluded that it was incumbent upon both political parties to share the merits of each method.

II. Budget

7. The fiscal year of the Territory begins in April. According to the administering Power, the funding priorities for the 2014/15 budget focused on the economy, education, health care and law enforcement. The budget of $1.11 billion and the associated economic stimulus measures were designed to meet the policy objectives in the above-mentioned key areas. Additional budgetary information can be found in the relevant sections below. Government statistics indicate that for the eleventh consecutive year, the revenue of the Territory in the 2013/14 fiscal year had fallen short of its expenditure.

III. Economic conditions

A. General

8. The economy of Bermuda is based primarily on the provision of financial services for international businesses and on tourism. According to the administering Power, the industrial sector is small, although construction can be a significant feature. Agriculture is limited since only approximately 20 per cent of the land is arable.

9. The estimated gross domestic product (GDP) of Bermuda for 2013 was $5.6 billion. Job losses and business closures continued to affect production adversely, leading to the fifth consecutive year of negative real growth. However, based on current GDP figures, there was a marginal increase of 0.7 per cent. A total of 6 of the 15 industrial sectors of the economy experienced increased economic activity, with the strongest impact felt in the hotel and restaurant and international business sectors. Overall, the increase in current GDP translated into an increase in per capita GDP of 0.4 per cent.

10. According to the administering Power, the contraction in GDP over the past few years represents a major challenge for the Government. It therefore developed initiatives to promote economic growth, some of which began to bear fruit at the close of 2013. For example, two initiatives of the main Government policy response to job losses in 2013 were the two-year payroll tax holiday to employers for new Bermudian hires and the abolishment of work permit term limits. In the near future, the Government is expected to introduce casino gaming and make adjustments to the immigration policy and the 60/40 rule (requiring companies to be 60 per cent owned by Bermudians in accordance with the Companies Act 1981) to encourage foreign direct investment, which would strengthen the modest growth that was witnessed in 2013.

B. Financial services

11. According to the administering Power, Bermuda is one of the world's leading international financial and business centres; that sector accounts for around 26 per cent of its GDP. Bermuda is also one of the major jurisdictions worldwide in the fields of large-scale insurance and reinsurance.

12. The Bermuda Monetary Authority is the integrated regulator of the financial service sector and has the power to levy civil fines. The Territory has no central bank. The peg to the United States dollar is managed by commercial banks meeting supply and demand at the one-to-one rate. The banks, rather than the Authority, own the foreign exchange reserves of Bermuda.

13. According to information provided by the administering Power, over the first six months of 2014, 468 new international companies and partnerships were registered in Bermuda, representing an increase of 10.9 per cent compared with the 422 companies registered in the corresponding period for 2013. Bermuda registered 36 new insurance companies during the first six months of 2014, an increase of 5.9 per cent compared with the 34 firms registered in the first half of 2013.

14. According to the administering Power, Bermuda has never been a jurisdiction with bank secrecy laws and has maintained a private beneficial ownership register since the 1940s. The existing register contains the details of the ultimate owners of the private corporate entities operating in Bermuda. It is a central register, held by a public authority, and, as ownership changes over time, it is updated using an active automatic system. The Government currently exchanges the information with the competent authorities of its treaty partners upon request. Under the regulatory legislation, there are provisions for financial institutions regarding controlling shareholders that require the approval of such persons by the Bermuda Monetary Authority.

15. For more than 70 years, Bermuda has required persons wishing to incorporate a company there to provide information on the ultimate beneficial owner. Currently such persons are vetted by the Authority (subject to a 10 per cent controller threshold). Transfers of shares to non-Bermudians are also subject to vetting by the Authority. The Authority retains all of the information on the ultimate beneficial owner, which is provided to the Authority as part of the vetting process. According to the administrating Power, Bermuda has no financial secrecy legislation.

16. According to the administering Power, Bermuda established its first tax information exchange agreement with the United Kingdom in 1986 in order to ensure maximum financial transparency and security. Bermuda has taken a leading position worldwide in terms of transparency and cooperation on international taxation matters, with 41 tax information exchange agreements in place (90 per cent of which are with the Group of 20 countries, 76 per cent with members of the Organization for Economic Cooperation and Development (OECD) and 52 per cent with States members of the European Union). In September 2013, Bermuda joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters of OECD to facilitate cooperation between jurisdictions in the assessment and collection of taxes, in particular to combat tax avoidance and evasion.

17. The 125-member Global Forum on Transparency and Exchange of Information for Tax Purposes, which focuses on the implementation of the internationally agreed standards of transparency and exchange of information in the tax area, conducted an in-depth peer review of Bermuda's regime. According to the administering Power, as a result of that peer review, Bermuda was rated as "largely compliant".

C. Tourism

18. Government statistics indicate that approximately 580,000 travellers visited Bermuda in 2013, spending a total of $412 million and accounting for 7 per cent of GDP. Approximately 10 per cent of the workforce of the Territory was directly and indirectly employed in tourism, which directly generated almost 3,500 jobs. Some 1,600 people are employed in support-related jobs.

19. The budget allocated to the Ministry of Tourism Development and Transport for 2014/15 was approximately $25.1 million, $23 million of which was granted to the Bermuda Tourism Authority. The hotel and restaurant sector recovered in 2013, recording an increase in value added of 6.1 per cent.

D. Construction

20. In 2013, the construction and quarrying sector declined by 4.4 per cent to $169.5 million. Government estimates, however, put the value of work carried out over the first half of 2014 at $103.7 million, compared with $81.2 million in the corresponding period of 2013, an increase of 27.7 per cent. 66.8 per cent of the work was performed on schools, hospitals and community centres, with two thirds undertaken by the private sector and one third by the public sector. In addition, in the first half of 2014, $25 million worth of work was carried out on hotel development, which was the largest sum spent in the industry in several years, according to the administering Power.

21. According to media reports, in 2014, an agreement for the construction of a new airport terminal was signed, and the construction is expected to commence in 2015 and is projected to take several years to complete.

E. Transport and communications

22. With a network of about 200 km of paved public roads and 400 km of private roads, Bermuda has a high road traffic density, with approximately 78 vehicles per km in 2013. Restrictions on car ownership to one per household, coupled with a policy of allowing no rental cars, have resulted in the development of a well-used group transportation system. Free public transportation for resident students by bus and ferry continues to be available.

23. Regular commercial flights connect Bermuda to a number of destinations in the United States, Canada and the United Kingdom. Bermuda has its own air and ship regulatory agencies, with registries maintained by the Department of Civil Aviation and the Department of Maritime Administration.

24. The Territory has four international telecommunications service providers, three of which have their own transatlantic facilities, supplemented by satellite facilities for special services and emergency communications. As previously reported, a new regulatory authority assumed responsibility for the Territory's telecommunications industry in 2013. That non-governmental agency, funded by the telecommunications industry, is responsible for administering a legislative mandate that includes consumer protection and business development.

IV. Social conditions

A. General

25. In 2014/2015, the Ministry of Community, Culture and Sports was allocated about $86.3 million, 45 per cent of which was to ensure access to financial assistance by individuals with insufficient resources.

26. There are 35 national sports governing bodies in Bermuda, underlining the importance for the Territory of sports at all levels, up to and including regional and international competitions. In July 2014, the Ministry of Community, Culture and Sports released the Bermuda National Sports Policy — Sporting Success: Our Vision and Beyond. The policy document identified increased participation and improved performance as the two key desired outcomes and will be supported by an action plan to achieve priority objectives including a focus on women, seniors and persons with disabilities in sport.

B. Labour

27. According to employment data for 2013, the total number of jobs in Bermuda decreased by 3.3 per cent to 34,277 (from 35,443 in 2012). The Ministry of Home Affairs is responding to the challenges created by strengthening its core programmes that assist the population in finding employment and training the workforce to meet the criteria for the jobs that are available. In 2014, the Ministry brought together the public and private sectors to devise strategies to improve the economy and generate new jobs. Part 1 of the National Training Plan was published in 2014. The National Training Board launched an intensive public awareness campaign, sharing the ideas documented in the plan for careers and job trends for the next two to ten years. Part 2 of the plan is due to be published in 2015 and is expected to address implementation strategies. The focus of the plan covers the five main sectors of the economy of Bermuda: government ministries, corporate bodies and agencies; financial and insurance; sales and services; hotels and hospitality; and development and infrastructure.

28. The Bermuda Job Board, a national employment database operated by the Department of Workforce Development, was implemented in November 2013. The online platform is available to Bermudians who are seeking employment, with the main objective of consolidating and centralizing the jobs available in Bermuda. According to the administering Power, the Job Board is expected to help to connect workers and employers, allow a greater outreach for qualified Bermudians to find employment and ultimately reduce the need for work permit applications.

29. The Law Reform Committee, established by the Minister of Home Affairs and tasked to review, update and improve the legislative framework for labour, met regularly in 2013 and 2014. According to the administering Power, legislation will be drafted during the 2015/16 fiscal year.

30. The new Work Permit Policy is scheduled to come into effect on 1 March 2015. According to the administering Power, the new policy comes under the direct remit of the Department of Immigration and will contain new work permit categories with the aim of encouraging new business start-ups in Bermuda, which is

expected to lead to increased job opportunities for Bermudians, spouses of Bermudians and permanent residents.

C. Education

31. The Ministry of Education was provided with a budget of approximately $146.5 million for 2014/2015 to achieve the objectives of its strategic plan for the Bermuda public school system, which aims to provide education that meets global standards, including those on special education.

32. The literacy rate in the Territory is approximately 98 per cent for males and 99 per cent for females, of Bermudians over 14 years of age. Education is compulsory and free in public schools for all children from 5 to 18 years of age. There are a number of private schools, including six offering early primary education, serving approximately 40 per cent of Bermudian pupils of compulsory school age. Those institutions receive no government funding.

33. The Bermuda College is the main facility in the Territory for tertiary education and is accredited by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education. According to the administering Power, the college identified 20 institutions with which it has articulation agreements (a process by which one institution matches its courses or requirements to coursework completed at another institution), whereas some of those same institutions have multiple agreements for different programmes. The college also has a list of more than 100 colleges and universities to which local graduates have successfully transferred after leaving the college. Citizens from the British overseas territories benefit from the home student fee rate at British universities. In addition, the European Union provides for access to funds, including for higher education and vocational education.

D. Public health

34. For 2014/15, the Ministry of Health, Seniors and Environment was provided with a budget of $195 million, representing some 17 per cent of total government expenditure. In addition to regulation, the Ministry provides policy direction for the health sector, including an acute care hospital, a psychiatric hospital, the Bermuda Health Council, public health services, the health insurance system and the private health sector. The Territory has a hybrid health financing system consisting of direct public funding, social health insurance and government subsidies.

35. Bermuda has an ageing population and a low fertility rate. Sixteen per cent of the population was expected to be 65 years or older in 2014, compared with 11 per cent in 2004. In 2014, the total fertility rate was 1.59 births per woman, which is below the replacement level of 2.10 births per woman. Life expectancy at birth is 84.3 years for women and 77.8 years for men, in 2014. Life expectancy is reported as being four years less for blacks than for whites.

E. Crime and public safety

36. One of the main responsibilities of the Ministry of Public Safety is strengthening the professional standards of the Bermuda Police Service, the Bermuda Regiment, the Bermuda Fire and Rescue Service, the Department of Corrections and the Department for National Drug Control. The Premier also serves as the Minister of National Security.

37. Efforts by the police to ensure public safety in the Territory include strong enforcement, community engagement and rigorous investigations leading to convictions. According to the administering Power, the second quarter of 2014 had the lowest crime rate in the Territory since 2000, largely owing to robust policing and increased community involvement. Crime continues to decrease and the inter-agency gang task force remains committed to developing programmes that address and prevent antisocial behaviour.

F. Human rights and related issues

38. Major international and European human rights instruments apply in Bermuda. In addition, as previously reported, the Government decided to develop a national gender policy to promote equitable decision-making involving the different needs, constraints and priorities with regard to men and women. For example, the Constitution poses a barrier to extending to Bermuda the Convention on the Elimination of All Forms of Discrimination against Women, in particular with regard to article 15 of the Convention and the issue of discrimination between men and women, since a non-Bermudian husband of a Bermudian woman has fewer rights than a non-Bermudian wife of a Bermudian man. Such discrimination would not be permitted under the Convention.

V. Environment

39. Approximately 98 per cent of the electric power in the Territory is provided by a single private entity, which relies exclusively on fossil fuels to generate electricity. The remaining 2 per cent of electric power is provided by the Tynes Bay waste-to-energy plant, which is owned and operated by the Ministry of Public Works.

40. As previously reported, in January 2014, the Environmental Audit Committee of the House of Commons of the United Kingdom issued a report on sustainability in the United Kingdom overseas territories, in which it identified financial and institutional concerns regarding threats to unique habitats and species and the protection of biodiversity (see A/AC.109/2014/5 for a more detailed account).

41. The United Kingdom Overseas Territories Biodiversity Strategy issued in April 2014 was devised as a key tool to enable the United Kingdom and its overseas territorial Governments to meet the relevant international obligations for the conservation and sustainable use of biodiversity. In May 2014, a report was issued about the ongoing and planned activities that are supported by the Department for Environment, Food and Rural Affairs of the United Kingdom, its Foreign and Commonwealth Office, its Department for International Development and its statutory advisor, the Joint Nature Conservation Committee. The report covered

each of the areas under the Strategy and activities in Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, the Falkland Islands (Malvinas), Gibraltar, Montserrat, Pitcairn, Saint Helena and the Turks and Caicos Islands.

VI. Military issues

42. Bermuda maintains a defence regiment of some 600 soldiers, namely, the Bermuda Regiment. In addition to part-time members, that figure includes a long-term "nucleus" of about 140 soldiers and 30 full-time soldiers. The adult male population in the Territory is subject to conscription by ballot, involving approximately three years of part-time liability for weekly drills, in addition to a 15-day annual camp. All soldiers are paid for their military service.

43. The Regiment regularly cooperates with foreign Governments and militaries, including those of Canada, Jamaica and the United States, and assists in disaster relief operations in other territories administered by the United Kingdom. Following Hurricanes Fay and Gonzalo in October 2014, which caused widespread property damage and electricity outages in the Territory, the restoration and clean-up efforts of the Regiment were assisted by the crew of the *Argyll* of the Royal Navy of the United Kingdom, which made its way towards Bermuda and remained on standby until after the storm had passed.

44. The administering Power remains committed to eliminating conscription. To that end, the Regiment has undertaken an extensive public relations campaign in an effort to bolster volunteer enlistment. Additionally, legislation to provide the Regiment with a revised legal and disciplinary system in accordance with the European Union standards for a modern military is in the drafting process.

45. According to the administering Power, plans have been announced to expand the role of the Regiment in maritime security. It is anticipated that a full-time Regiment boat troop will be established. The duties of the boat troop will include general safety and policing of both inshore and offshore waters.

VII. Relations with international organizations and partners

46. Bermuda is an associate member of the Economic Commission for Latin America and the Caribbean, the Caribbean Community and the Caribbean Common Market and a member of the Caribbean Financial Action Task Force, which was set up to combat money-laundering. The Financial Intelligence Agency of Bermuda is a member of the Egmont Group of Financial Intelligence Units and the Bermuda Monetary Authority is a member of regional and international financial regulatory bodies, including the International Association of Insurance Supervisors, the International Organization of Securities Commissions and the Group of International Finance Centre Supervisors. Bermuda also plays a key role in the Global Forum on Tax Transparency of the OECD, as a member of the Peer Review Group. Bermuda also participates in the Caribbean Conservation Corporation, the Caribbean-United States Security Cooperation Dialogue, the International Trade Union Confederation, the International Criminal Police Organization (INTERPOL) and the International Olympic Committee.

47. As at January 2014, the Territory decided to join the 2013 decision of the Council of the European Union on the association of the overseas countries and territories with the European Union (2013/755/EU), which came into force in 2014 and was approved, among other things, in an effort to move from a classic development cooperation approach towards a reciprocal partnership that promotes sustainable development and the values and standards of the European Union worldwide.

VIII. Future status of the Territory

A. Position of the territorial Government

48. Information regarding developments on the future status of Bermuda is reflected in section I above.

B. Position of the administering Power

49. On 10 October 2014, at the 5th meeting of the Special Political and Decolonization Committee (Fourth Committee) during the sixty-ninth session of the General Assembly, the representative of the United Kingdom stated that the relationship of the Government of the United Kingdom with its overseas territories was a modern one, based on partnership, shared values and the right of the people of each Territory to determine whether to remain British. Should the people of a territory choose to remain British, the United Kingdom would maintain and deepen its special relationship with them.

50. He went on to say that, since the publication in June 2012 by the Government of the United Kingdom of a white paper entitled *The Overseas Territories: Security, Success and Sustainability*, the United Kingdom had been working closely with the territories to develop that partnership further. His Government had a fundamental responsibility to ensure the security and good governance of its overseas territories. The United Kingdom had strengthened the annual meeting with territory leaders into a joint ministerial council and had given it a clear mandate to review and implement the strategy and the commitments set out in the white paper.

51. At the 3rd meeting of the Overseas Territories Joint Ministerial Council, held in London on 2 and 3 December 2014, the United Kingdom and leaders of its overseas territories agreed upon a communiqué that included the following passage that sets out the joint position of the United Kingdom and its overseas territories on self-determination:

> The peoples of all the Territories have the right of self-determination. For those Territories with permanent populations who wish it, the United Kingdom will continue to support requests for the removal of the Territory from the United Nations list of Non-Self-Governing Territories. Territory governments are politically accountable to their legislatures for the exercise of devolved areas of policy. We will continue to work together to develop governmental and democratic institutions so that Territories have the greatest self-government possible, compatible with the United Kingdom's obligations in respect of its sovereign responsibilities.

IX. Action taken by the General Assembly

52. On 5 December 2014, the General Assembly adopted resolutions 69/105 A and B without a vote, on the basis of the report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (A/69/23) and the subsequent recommendation by the Fourth Committee. Section III of resolution 69/105 B concerns Bermuda. In that section, the General Assembly:

(a) Stressed the importance of the 2005 report of the Bermuda Independence Commission, which provided a thorough examination of the facts surrounding independence, and continued to regret that the plans for public meetings and the presentation of a green paper to the House of Assembly followed by a white paper outlining the policy proposals for an independent Bermuda had so far not materialized;

(b) Underlined the need to further strengthen good governance, transparency and accountability in government for the benefit of the Territory;

(c) Requested the administering Power to assist the Territory by facilitating its work concerning public educational outreach efforts, consistent with Article 73 *b* of the Charter of the United Nations, and in that regard called upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

(d) Welcomed the active participation of Bermuda in the work of the Economic Commission for Latin America and the Caribbean.